

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04  
NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 NSC-05  
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FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 2050  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY THE HAGUE  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY ROME  
USMISSION USNATO  
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DEPARTMENT PASS LABOR

E.O. 11652: N/A  
TAGS: ELAB, UK  
SUBJECT: FIREMEN' STRIKE ENDS: FADING DISCUSSIONS ON  
FUTURE PAY POLICY.

SUMMARY: DELEGATES AT THE RE-CALLED CONFERENCE OF THE  
FIRE BRIGADES UNION (FBU) VOTED YESTERDAY BY A LARGE  
MAJORITY TO END THEIR NINE-WEEK STRIKE. FIREMEN WILL  
RETURN TO WORK ON MONDAY (JANUARY 16) AND WILL BE  
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AWARDED AN IMMEDIATE INCREASE OF 10 PER CENT WHICH WILL  
BE FOLLOWED BY A REDUCTION OF WORK WEEK AND INCREASES  
BRINGING THEIR PAY INTO LINE WITH THE AVERAGE FOR  
SKILLED MANUAL WORKERS BY NOVEMBER 1979. THE DEAL HAS  
BEEN UNDERWRITTEN BY THE GOVERNMENT. THE EXECUTIVE OF  
THE FBU WAS BITTERLY CRITICIZED BY DELEGATES AT THE  
CONFERENCE AND PHYSICALLY ABUSED BY SOME MILITANT

FIREMEN WHO WERE PICKETING THE CONFERENCE HALL. MEANWHILE TALK BY GOVERNMENT MINISTERS ABOUT THE PROSPECTS OF ANOTHER YEAR OF WAGE RESTRAINT OR SOME FORM OF PERMENENT INCOMES POLICY HAS BEGUN TO FADE WITH THE REALIZATION THAT WITH 80 PER CENT OF THE WAGE SETTLEMENTS STILL ARE TO BE MADE AND THAT DISCUSSION OF SUCH NOTIONS AT THIS STAGE WOULD DAMAGE THE PROSPECTS OF A SUCCESSFUL CONCLUSION OF THE CURRENT ROUND OF SETTLEMENTS. TRADES UNION CONGRESS (TUC) LEADERS HAVE GIVEN THE IDEASA COOL RECEPTION. THEY HAVE HAD WIDELY VARYING PUBLIC AND PRIVATE REACTIONS,AND ARE PUZZLED BY THE BEHAVIOR OF SOME MINISTERS. THE NET RESULT IS THAT THE TUC HAS IN EFFECT DECIDED NOT TO DISCUSS FUTURE INCOMES POLICY AT THIS TIME WITH THE GOVERNMENT. MAJOR SETTLEMENTS ARE DUE IN THE COMING MONTHS INVOLVING POWERFUL GROUPS, ELECTRICAL POWER WORKERS, ENGINEERS, MINERS, RAILWAYMEN, CIVIL SERVANTS AND OTHERS. END OF SUMMARY.

1. THE NINE-WEEK STRIKE OF BRITAIN'S FIREMEN WILL END ON MONDAY (JANUARY 16) FOLLOWING THE VOTE OF THE RECONVENED DELEGATE CONFERENCE IN BRIDLINGTON YESTERDAY (JANUARY 12). THE CONFERENCE SUPPORTED AN EXECUTIVE RECOMMENDATION OF ACCEPTANCE OF THE EMPLOYERS' OFFER AND A RETURN TO WORK ON MONDAY BY 28,729 VOTES TO 11,795 (5:2). WHILE THE RESULT WAS PREDICTABLE, LIMITED OFFICIAL USE

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FOLLOWING BALLOTS IN THE INDIVIDUAL AREAS EARLIER IN THE WEEK, THERE WERE VEHEMENT EXPRESSIONS OF OPPOSITION FROM MORE MILITANT FIREMEN OUTSIDE THE CONFERENCE HALL. SEVERAL EXECUTIVE MEMBERS BRAVED VIOLENT DEMONSTRATIONS BY THOSE DEMANDING THE CONTINUATION OF OF THE STRIKE UNTIL A MORE FAVORABLE SETTLEMENT WAS FORTHCOMING, GIVING THE FIREMEN MORE MONEY NOW - A CENTRAL ELEMENT OF THEIR DEMANDS THROUGHOUT THE DISPUTE. LESS VIOLENT CRITICISM OF THE EXECUTIVE AND THEIR HANDLING OF THE STRIKE WAS HEARD INSIDE THE HALL.

2. TUC LEADERS (AND GOVERNMENT MINISTERS) REMAINED CAUTIOUS ABOUT THE POSSIBLE RESULT OF THE BALLOT UNTIL THE VERY END, AND GENERALLY AGREED THAT THE DISPUTE HAS LEFT A RESIDUE OF BITTERNESS AND LOWERED MORALE AMONG FIREMEN THAT TIME MAY NOT OVERCOME. FIRE BRIGADES UNION (FBU) LEADERS WERE FORCED TO POSTPONE THE RE-CALL OF THE DELEGATE CONFERENCE UNTIL THEY BELIEVED IT WAS CLEAR THAT THE FBU MEMBERSHIP HAD BECOME CONVINCED OF THE GOVERNMENT'S RESOLVE TO STAND FAST, ESPECIALLY AS STRIKERS SAW THEMSELVES STEADILY BEING DISPLACED BY THE BUILD UP OF SUBSTITUTE CIVILIAN AND

MILITARY FIREFIGHTERS. THE AGREEMENT GIVES FIREMEN A 10 PER CENT INCREASE IMMEDIATELY (WITHIN THE CURRENT GOVERNMENT GUIDELINES) AND WILL BRING FIREMEN'S PAY INTO LINE WITH THE EARNINGS OF SKILLED MANUAL WORKERS BY NOVEMBER 1979. THE AGREEMENT HAS BEEN SUPPORTED BY

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NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 NSC-05  
PA-01 PRS-01 SP-02 SS-15 USIA-06 INT-05 /077 W  
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R 132003Z JAN 78  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 2051  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
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THE GOVERNMENT WHICH HAS UNDERTAKEN TO EXEMPT IT FROM ANY PAY POLICY THAT MAY BE IN FORCE DURING ITS IMPLEMENTATION. THIS LAST IS THE ONLY SUBSTANTIVE GAIN THAT THE FBU HAS MADE SINCE THE STRIKE BEGAN. THERE ARE ALSO ARRANGEMENTS TO REDUCE THE WORK WEEK FROM 48 TO 42 HOURS WITHOUT LOSS OF PAY.

3. THE GOVERNMENT IN ITS DETERMINATION TO MAINTAIN THE SUBSTANCE OF THE PAY POLICY IN EFFECT ENGAGED IN WHAT

AMOUNTED TO HIGHLY SOPHISTICATED STRIKE BREAKING AND  
WAS WELL ON THE WAY TO MANEUVERING THE FBU INTO  
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DESTROYING ITSELF. ALTHOUGH IT IS LIKELY THAT OTHER  
GROUPS WILL SEEK LEVERAGE FROM THE FIREMEN'S SETTLEMENT  
FOR PREFERRED STATUS, GENERAL COUNCIL SOURCES AND  
MINISTERS SEEM TO BE AT ONE THAT THE IMPACT CAN BE  
LIMITED.

4. ENCOURAGED THAT THE CURRENT ROUND OF PAY POLICY  
HAD SURVIVED EARLY PRESSURES MORE OR LESS UNSCATHED,  
SOME MINISTERS, SEVERAL WEEKS AGO, BEGAN TO DISCUSS  
NOTIONS OF ANOTHER YEAR OF INCOME POLICY OR THE  
INSTITUTION OF SOME FORM OF PERMANENT INCOMES POLICY  
WITH A VIEW TO CONTINUE PRESSURE TO REDUCE INFLATION  
AND LIMIT THE AREA OF COLLECTIVE BARGAINING. IN A  
SERIES OF SPEECHES, WHICH MINISTERS NOW PRIVATELY  
TAKE PAINS TO CLAIM WERE NOT AN ORCHESTRATED GOVERNMENT  
CAMPAIGN, VARIOUS LABOR GOVERNMENT MEMBERS FLOATED  
IDEAS ABOUT THE NEED FOR AN "INCOMES POLICY" TO FACILI-  
TATE THE FUTURE NATIONAL PLANNING AND PERFORMANCE OF  
THE ECONOMY. THEY COUPLED THEIR COMMENTS WITH CRIT-  
ICISMS OF FREE COLLECTIVE BARGAINING AS FAVORING  
THE STRONG AGAINST THE WEAK AND AS NOT BEING THE MOST  
EFFECTIVE WAY TO ACHIEVE ECONOMIC AND SOCIAL JUSTICE.  
TALK OF EXTENSION OF INCOMES POLICY HAS RECEIVED A  
COOL REACTION FROM TUC LEADERS WHO AT THIS POINT  
ARE CONVINCED THAT SUCH DISCUSSION IS PREMATURE AND  
WOULD LIKELY INCITE THE RANK AND FILE TO PRESS FOR  
LARGER DEMANDS NOW AS INSURANCE AGAINST THE FUTURE.  
SOME TUC LEADERS SAY THAT SOME UNDERSTANDING MAY BE  
POSSIBLE FOR A FOURTH ROUND UNDER ANOTHER NAME, BUT  
THAT THIS WILL REQUIRE A LONG DEBATE WHICH IT IS TOO  
SOON TO BEGIN.

5. PUBLIC PRONOUNCEMENTS BY MINISTERS HAVE FADED.  
LEADER OF THE HOUSE OF COMMONS, MICHAEL FOOT, HAS NOW  
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COMMENTED THAT THE GOVERNMENT HAS NO PLANS FOR A STATU-  
TORY INCOMES POLICY. EMPLOYMENT MINISTER BOOTH IS  
NOTICEABLY AVOIDING PUBLIC STATEMENT, PREFERRING  
TO CONCENTRATE ON SETTLING THE CURRENT WAGE ROUND IN  
PRIVATE DISCUSSIONS AND DISCOURAGE "COLLECTIVE  
BARGAINING THROUGH THE PRESS". MEANWHILE MINISTERS  
SEEM CONFIDENT THAT THE GOVERNMENT HAS MADE ITS POINT

TO THE COUNTRY AND WORKERS THAT INFLATION REMAINS THE MAIN DANGER TO THE ECONOMY AND THAT THE ROAD TO ECONOMIC IMPROVEMENT LIES IN INCOME RESTRAINT AND REDUCTION OF INFLATION TO FIT BRITAIN'S ECONOMY TO INTERNATIONAL COMPETITION. (PRIVATELY THEY SAY THAT BEYOND SOME FRINGE JOB CREATION SCHEMES, THEY HAVE NO SOLUTIONS FOR DIRECT MEANS TO REDUCE THE GENERAL LEVEL OF UNEMPLOYMENT.) THE SETTLEMENT OF THE FIREMEN' DISPUTE BRINGS TO AN END A SERIES OF CHALLENGES AND SHOULD HERALD A SHORT PERIOD OF RELATIVE CALM ON THE PAY FRONT. SEVERAL SIGNIFICANT NEGOTIATIONS ARE ON THE HORIZON, HOWEVER; AND EMPLOYMENT SECRETARY ALBERT BOOTH RECENTLY PREDICTED PRIVATELY THAT

FEBRUARY TO APRIL WILL SEE A SERIES OF NEGOTIATIONS THAT MAY PRESENT UNFORSEEN OBSTACLES. THUS NEGOTIATIONS ARE DUE COVERING NATIONAL HEALTH SERVICE WORKERS, EMPLOYEES IN THE ELECTRICITY SUPPLY INDUSTRY, THE MINERS, THE ENGINEERING TRADES, ROAD HAULIERS, PETROL TRUCK DRIVERS, TEACHERS, CIVIL SERVANTS AND OTHERS--EACH NEGOTIATION TO BE TAKEN AS IT COMES. THE MINERS' CONFERENCE DECISION COMMITS THE EXECUTIVE TO NEGOTIATE FOR A 135 POUND WEEKLY WAGE FOR FACE WORKERS. THE VEHEMENCE WITH WHICH THIS AIM WILL BE PURSUED WILL BE INFLUENCED BY THE CURRENT ATTEMPTS TO NEGOTIATE LOCAL PRODUCTIVITY DEALS. IF THESE NEGOTIATIONS ARE SUCCESSFUL THERE IS LIKELY TO BE DILUTED SUPPORT BY THE NUM MEMBERSHIP TO TAKE INDUSTRIAL ACTION FOR A CLAIM THAT CALLS FOR ABOUT A 60 PER CENT INCREASE IN THE BASIC WAGE OF FACE LIMITED OFFICIAL USE

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WORKERS. SUPPORT WITHIN THE NUM FOR LOCAL INCENTIVE SCHEMES HAS SPREAD RAPIDLY SINCE THE NATIONAL REFERENDUM REJECTED INCENTIVES IN NOVEMBER, SWEEPING OVER THE OPPOSITION OF THE NUM MARXIST-LEFTIST GROUPINGS--

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R 132003Z JAN 78  
FM AMEMBASSY LONDON  
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INCLUDING A SILENT ARTHUR SCARGILL.

6. A DISPUTE BETWEEN OIL COMPANIES AND THE DRIVERS  
OF THEIR TANKERS MAY RESULT IN SPLINTERED INDUSTRIAL  
ACTION OF SOME KIND (PROBABLY SHORT OF STRIKING).  
THE DRIVERS, MEMBERS OF THE TRANSPORT AND GENERAL  
WORKERS UNION (TGWU), ARE NEGOTIATING SEPARATELY  
WITH THE INDIVIDUAL COMPANIES FOR INCREASES THAT,  
IN THE CASE OF BRITISH PETROLEUM, AMOUNT TO 30 PER  
CENT. THERE ARE THREATS OF OVERTIME BANS WHICH COULD  
SERIOUSLY DISRUPT DELIVERIES AND THREATEN THE JOBS  
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OF OTHER WORKERS, MANY OF THEM FELLOW TGWU MEMBERS.  
IN ANY CASE THE GOVERNMENT, WE UNDERSTAND IS PREPARED  
TO UTILIZE TROOPS TO MAINTAIN THE FLOW OF OIL PRODUCTS  
TO MINIMIZE INDUSTRIAL SHUTDOWNS AND ASSURE MILITARY  
SUPPLIES. THE GOVERNMENT APPEARS READY TO TAKE ON  
THE TANK DRIVERS AS IT DID THE FIREMEN.

7. THUS THE CURRENT WAGE ROUND HAS REACHED A POINT  
WHERE THE POSSIBILITY OF A SUCCESSFUL CONCLUSION IN  
AN AREA ACCEPTABLE TO THE GOVERNMENT IS WITHIN GRASP  
WITH A FEW KEY SETTLEMENTS GATHERING IN THE REMAINDER  
OF THE LABOR FORCE, BUT WHERE PREMATURE DISCUSSION

OF THE FUTURE MAY UNDO THE HARD TESTS THAT THE GOVERN-  
MENT HAS PASSED WITH SKILL AND DARING, AND A SURE  
TOUCH OF WHAT THE COUNTRY WILL ACCEPT. FROM TALKS  
WITH MINISTERS AND GENERAL COUNCIL MEMBERS, OUR  
IMPRESSION IS THAT ONE OF THE MAIN PROBLEMS NOW IN  
THE PAY ROUND IS A CERTAIN OVERCONFIDENCE BY SOME  
MINISTERS THAT THEY HAVE A BETTER UNDERSTANDING OF  
RANK AND FILE FEELINGS THAN THE CURRENT TRADE UNION  
POLICY LEADERS, WHOM SOME MINISTERS ARE BEGINNING TO  
TREAT IN AN OFF-HANDED WAY.  
BREWSTER

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